

SIU Cases of Interest

Claims Committee Meeting, December 4, 2019
Board of Governors Meeting, December 11, 2019

Non-Weather Water Investigations

Miami-Dade: The insured reported that a water leak from an unidentified source caused water damage to the kitchen cabinetry. The investigation revealed that the claim was contrived as there was no active leak and that the insured was attempting to claim unrepaired damage from a prior water loss. The claim reserved for \$4,000 was withdrawn and no payments were issued. A Florida Division of Investigative and Forensic Services (DIFS) referral was submitted.

Miami-Dade: The insured reported water damage to the hall and family room ceiling and floor as a result of a broken supply line from the second-floor toilet. There was no evidence of a sudden discharge of water as presented and the SIU investigation concluded that the insured attempted to claim water damage that resulted from a prior windstorm event. The claim reserved at \$10,000 was denied for misrepresentations of material facts during the presentation of the claim. A DIFS referral was submitted.

Miami-Dade: The insured's public adjuster reported a sudden failure of the supply line in the kitchen which caused damage to the kitchen cabinets and tile floors. The SIU investigation, supported by interviews and expert findings, determined that the claim was contrived, and that the insured attempted to obtain insurance benefits for duplicate damage that occurred prior to Citizens policy period. The loss reserved at \$10,000 was denied based on the loss did not occur from a single, sudden, or accidental event. A DIFS referral was submitted.

Broward: The insured reported damage to the interior finishes of an occupied rental home as a result of a sudden discharge of water from the washing machine. The SIU investigation, supported by interviews of the insured and witnesses, determined that the risk was unoccupied for 4 months prior to the loss and that the insured materially misrepresented the occupancy in an effort to have coverage afforded for the loss. The claim reserved at \$5,000 was subsequently denied due to the fact the property was vacant for more than 30 days prior to the loss. A DIFS referral was submitted.

Broward: The insured alleged damage to the kitchen cabinets as a result of a ruptured pipe under the kitchen sink. The SIU investigation, which included interviews and review of underwriting records, determined that the claim was contrived, and that the insured misrepresented the condition of the cabinets and presented a claim of damage that she was aware pre-dated the loss. The claim reserved at \$9,000 was subsequently denied based on damage caused by wear and tear. A DIFS referral was submitted.

Broward: The insured claimed that a sudden break in the water supply line caused water damage to the kitchen cabinets. The insured's public adjuster submitted an invoice for \$5,962 in water mitigation services and temporary repairs. The SIU investigation, supported by interviews and review of insurance records, revealed that the insured misrepresented the condition of the cabinets and claimed damage related to a prior water loss she submitted to her previous insurer. The claim reserved at \$8,000 was subsequently denied based on pre-existing damage. A DIFS referral was submitted.

Miami-Dade: The insured alleged that an angle valve in the bathroom failed resulting in a discharge of water and resultant damage to the walls and tile. The SIU investigation, supported by interviews and expert examination, determined there that the claim was contrived and that the insured submitted false evidence of a repair. The claim reserved at \$5000 was subsequently denied as there was no evidence of damage from a covered peril. A DIFS referral was submitted.

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Miami-Dade: Within 30 days of obtaining a policy, the insured reported water damage throughout the insured property as a result of a ruptured supply line under the master bathroom sink. The loss was reported by the insured's attorney 26 days after the loss. Subsequently, water mitigation services under an Assignment of Benefits (AOB) began over 45 days after the loss at a total cost of \$18,227. The SIU investigation determined that the damage reportedly caused by the supply line break factually pre-dated the issuance of the policy. The claim reserved at \$50,000 was subsequently denied based on the misrepresentation of material facts and failure to comply with post loss duties. A referral to DIFS was submitted.

Miami-Dade: The insured reported damage to the kitchen cabinets and floors as a result of a leak from an unidentified water source under the kitchen sink. The loss was reported to Citizens by the insured's attorney almost 30 days after the loss. The SIU investigation established evidence that the insured had submitted 8 prior property claims and attempted to claim preexisting and unrepaired damage that pre-dated the loss. The claim reserved at \$15,000 was subsequently closed without payments after the insured withdrew the claim. A DIFS referral was submitted.

Miami-Dade: The insured alleged damage to the flooring, baseboards, walls and cabinetry as a result of a backup in the drain line. The SIU investigation revealed evidence that the claim was contrived, and that the insured misrepresented the condition of the house at the time of the loss. Furthermore, it was determined that two months after obtaining the policy, the insured deeded the home and no longer had insurable interest. The claim reserved at \$10,000 was subsequently denied for failure to appear for the Examination Under Oath (EUO). A DIFS referral was submitted.

Hillsborough: The Insured reported that a hot water pipe within the kitchen floor slab broke, resulting in damage to the tile floor and kitchen and cabinets. It was determined that key evidence was discarded prior to Citizens' opportunity to inspect the loss and thus was unable to corroborate the insured's claim that a water loss occurred or identify any evidence of damage. The claim reserved at \$80,000 was denied as there was no evidence of damage resulting from the reported loss. A DIFS referral was submitted.

Hillsborough: An SIU investigation into a plumbing leak claim determined that a resident of the insured's household was affiliated with the water mitigation service provider that conducted temporary repairs. The SIU further determined there was no evidence of a recent sudden and accidental discharge of water as described by the insured and that drill holes purportedly from the water mitigation service provider existed prior to the date of loss. The claim reserved at \$15,000 was denied due to the insured's failure to attend an EUO. A DIFS referral was submitted.

Hillsborough: The insured reported water damage to the kitchen cabinets and flooring due to an unidentified plumbing leak in the kitchen. The claim was reported to Citizens by the insured's attorney 45 days after the loss and after \$4,200 in water mitigation services were performed under an AOB. The SIU investigation established evidence that the damage being claimed in this loss pre-existed the policy and that the claim was contrived. Prior to the scheduled EUO, the insured and their attorney withdrew the claim. The claim reserved at \$10,000 was not paid. A DIFS referral was submitted.

Broward: The insured alleged damage to the kitchen cabinets, drywall and laminate flooring as a result of a plumbing leak in the kitchen. The loss was reported to Citizens after water mitigation in the amount of \$6,968 was performed under an AOB. The SIU investigation established evidence that the claim was

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contrived and that the damage to the kitchen cabinets resulted from a prior water loss. Based on the investigation, the claim reserved at \$5,000 was subsequently denied due to existing damage and constant and repeated seepage or leakage. A DIFS referral was submitted.

Hillsborough: The insured reported a water line to the dishwasher broke resulting in a discharge of water and damage to the kitchen cabinets. The claim was reported by the insured's attorney three months after the loss and after \$5,518.09 in water mitigation services under an AOB. The SIU investigation, supported by an expert inspection and interviews, developed evidence that suggested that the loss was contrived. The claim was withdrawn following a request for the insured to attend an EUO. No payments were issued on the claim reserved at \$10,000. A DIFS referral was submitted.

Hillsborough: The insured reported a plumbing leak/discharge which caused damage to the kitchen and hallway. The claim was reported by the insured's attorney 11 days after the alleged event and after \$5,856 in water mitigation services under an AOB. The SIU investigation, supported by an expert inspection, determined that the insured contrived the claim and attempted to claim unrepaired damage from a previous loss. The claim reserved at \$15,000 was subsequently denied due to wear, tear, deterioration and maintenance. A DIFS referral was submitted.

Miami-Dade: The insured reported a drain water overflow which caused damage to the bathroom, utility room, and the adjacent bedroom. The claim was reported by the insured's attorney two days after the alleged event. The SIU investigation supported by an expert inspection and an EUO confirmed the existence of an ongoing drain backup resulting substandard construction and that the insured and their loss consultant attempted to claim unrepaired damage that pre-dated the issuance of the insurance policy. The claim reserved at \$7,500 was subsequently denied due to inconsistencies of the facts surrounding loss and damage due to wear, tear, deterioration or deferred maintenance. A DIFS referral was submitted.

Miami-Dade: The insured reported two separate and unrelated claims. It was alleged that winds associated with Hurricane Irma caused physical damage to the tiled roof. A second claim was filed alleging that a pipe leaked in the bathroom resulting in water damage to the floor, walls and surrounding areas. Both claims were reported by the insured's attorney after \$3,397 in water mitigation services performed under an AOB. The SIU investigation, supported by experts' findings, determined there was no evidence of wind damage to the roof and that the damage pre-dated the event. Additionally, it was found that the claim of a sudden water leak was contrived and that damage to the cabinetry was the result of repeated contact with water, likely from routine cleaning. Furthermore, the SIU investigation found that Citizens was provided a falsified wind mitigation report in support of the policy. The hurricane claim reserved at \$10,000 was denied due to damage found to be present prior to the hurricane, and no wind-related damage. The water loss reserved at \$5,000 was also denied due to faulty, inadequate, defective materials, constant and repeated seepage or leakage of water, existing damages. Underwriting and DIFS referrals were submitted.

Miami-Dade: The insured reported a drain water overflow which caused damage to the bathroom, hallway, and adjacent areas; and that a supply line ruptured which caused damage to the kitchen, cabinets, and floor tile. The two separate and unrelated claims occurred two months apart and were reported by the insured's attorney more than 27 days after the second claim and after \$14,000 in water mitigation services were rendered under an AOB. The SIU investigation, supported by an expert inspection, determined that the cause of loss was misrepresented and that the insured attempted to claim

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damage from a previous loss that pre-dated the policy. The claims reserved at a combined \$40,000 and \$15,000 were subsequently denied due to wear, tear, deterioration and maintenance. A DIFS referral was submitted.

Miami-Dade: The insured reported a water back up of the cast iron drain line under the slab in which it is alleged water overflowed causing damage to the walls and vanity in the hall bathroom, hallway, and living room. The loss was reported by the insured attorney and after \$9,363.66 in water mitigation under an AOB. The repairs to the drain line as well as all allegedly water damaged materials were disposed of prior to Citizens' inspection. The SIU investigation found that the insured filed a fictitious loss with Citizens and materially misrepresented the facts of loss related to the alleged cause of loss, repairs, timeline of events, and involved entities. The claim reserved at \$15,000 was subsequently denied due to the insured's lack of cooperation in documenting and displaying the loss. A referral to DIFS was submitted.

Miami Dade: The insured's public adjuster reported a claim as the result of a failed shower diverter/water mixer in the hall bathroom that caused damage to walls, baseboards, tile floor and bathroom vanity. Water mitigation services in the amount of \$5,956.50 were allegedly performed. The SIU investigation, including the insured's EUO and an engineer's inspection, found the insured contrived the claim and submitted long-term pre-existing water damage as new damage stemming from an alleged sudden and accidental leak. The claim reserved at \$10,000 was denied for excluded damages, constant or repeated seepage or leaking. A DIFS referral was submitted for both the insured's and loss consultant's actions.

Miami Dade: The insured's public adjuster reported the claim as a kitchen plumbing leak. The leak allegedly was the result of a failed angel valve under the kitchen cabinet causing damage to the kitchen cabinet base, tile floor and baseboards. Water mitigation services in the amount of \$5,471.30 were allegedly performed. The SIU investigation, consisting of the insured's recorded statement, engineer's inspection and the insured's EUO found that he insured submitted long-term, pre-existing damage as new damage stemming from a sudden and accidental leak. Additionally, the SIU investigation revealed the insured fabricated a timeline of events including the dates of loss and dates of service for the mitigation work. The kitchen plumbing loss reserved at \$10,000 was denied due to leaks resulting from repeated leakage/seepage, and wear/tear, deterioration, deferred maintenance and faulty, inadequate or defective construction. A DIFS referrals was submitted for both the insured and PA.

Hurricane / Catastrophe Investigations

Hillsborough: The insured reported physical damage to the roof and resultant interior water damage caused by winds associated with Hurricane Irma, which was reported to Citizens 21 months after the storm made landfall and after \$2,225 in tarping and water mitigation services performed. The SIU investigation revealed the claim was contrived and the insured and the AOB service provider attempted to claim damage and temporary repairs that existed prior to the storm. The claim reserved at \$11,000 was denied due to the material inconsistencies and inability of Citizens to confirm the facts of the claim due to the insured's failure to timely report the claim. A referral to the DIFS was submitted.

Miami-Dade: Insured claimed physical damage to the roof and interior as a result of winds and rain associated with Hurricane Irma. The claim was reported to Citizens by the insured's public adjuster approximately a year and a half after the loss and after water mitigation services were rendered under

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AOB. The SIU investigation, in conjunction with expert inspections and aerial photographs, determined that the damage to the insured's roof was not consistent with a wind event and was not visible in photos taken within 3 months after the storm. Subsequently, the claim reserved at \$5,000 was denied due to wear and tear. A referral to DIFS was submitted.

Miami-Dade: The insured reported physical damage to the roof and water intrusion into the kitchen and living room ceiling as a result of Hurricane Irma. The loss was reported to Citizens by the insured's attorney a year and seven months after the loss. The SIU investigation, supported by interviews and documentation, revealed that the insured contrived the claim and that damage and temporary repairs were due to routine maintenance and pre-dated the loss date. The claim reserved at \$2,500 was subsequently denied based on no wind created opening that contributed to water intrusion and stated roof repairs predated the date of loss. A DIFS referral was submitted.

Miami-Dade: The insured alleged damage to personal property as a result of Hurricane Irma. After an initial payment of \$148,000 was tendered for structure and contents, the insured submitted a supplemental claim for \$54,000 in damaged contents; including appliances that had already been removed from the home. The SIU investigation determined that the insured misrepresented the disposition of contents and appliances. The claim reserved at \$10,000 was subsequently withdrawn by the insured. A DIFS referral was submitted.

Broward: The insured reported physical damage to the roof and resultant water intrusion to the ceilings throughout the home as the result of Hurricane Irma. The claim was reported to Citizens by the insured's public adjuster approximately 1 year and 8 months after the loss. The SIU investigation determined that the insured intentionally misrepresented the claim and attempted to claim unrelated damage that predated the storm. The claim reserved at \$5,000 was subsequently denied based on no physical direct damage to the roof. A DIFS referral was submitted.

Hillsborough: The insured reported a water line to the dishwasher broke resulting in a discharge of water and damage to the kitchen cabinets. The claim was reported by the insured's attorney 88 days after the alleged event and after \$5,518.09 in water mitigation services under an AOB. The SIU investigation supported by an expert inspection and interviews, developed evidence that suggested that the loss was contrived. The claim was withdrawn following a request for the insured to attend an EUO. No payments were issued on the claim reserved at \$10,000. A DIFS referral was submitted.

Miami-Dade: The insured reported two separate and unrelated claims. First, that winds associated with Hurricane Irma caused physical damage to the roof occurring over a year earlier; and secondly, a pipe leak in the kitchen occurring two months earlier resulting in damage to the kitchen cabinetry. Citizens was notified of both claims by the insured's after \$6,379.13 in water mitigation services performed under an AOB at the direction of the attorney's loss consultant. The SIU investigation, supported by an EUO of the insureds, confirmed the insured contrived the loss involving the broken pipe and that he presented a claim for unrepaired damage that was previously claimed 7 years earlier. Both claims, reserved at a combined \$15,000 were denied based on inconsistencies and misrepresentation of facts surrounding loss, and failure of the insured to comply with duties under the policy. A referral to DIFS was submitted.

Miami Dade: The insured's public adjuster reported Hurricane Irma winds caused physical damage to the shingle roof and resultant water damage to the interior ceilings in the master and front bedrooms, as well as the front entryway. Water mitigation and tarping services in the amount of \$7,606.55 were

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submitted. The SIU investigation, consisting of an EUO and engineer inspection of the roof, found the insured misrepresented the events and the temporary repairs. The roof claim reserved at \$10,000 was denied due to damage caused by wear and tear, deterioration and maintenance and prejudiced due to failure to report this loss timely. A DIFS referral was submitted.

Other Property-Related Investigations

Pinellas: The insured reported a claim for physical damage to the roof caused by windstorm damage and resultant water damage to the interior. The SIU investigation, supported by experts' findings, found evidence that roof damage was caused by an individual intentionally or unintentionally and not related to a windstorm. The claim reserved at \$5000 was denied for non-cooperation after the insured failed to appear for an EUO. A DIF Referral was submitted.

Agency & Underwriting-Related Investigations

Broward County – Personal Lines/Policyholder: SIU investigation into a 4-point inspection provided in support of an application of insurance resulted in removal of the risk exposure of \$408,260 after determining that Citizens was provided false information concerning the roof life of the risk. A DIFS referral was submitted.

Broward County, Miami-Dade County, Palm Beach County – Personal Lines/Policyholder: Through proactive investigative efforts, SIU identified four personal lines risks that were operating as Assisted Living Facilities. The SIU investigation established that the policyholders misrepresented the use of the property on the application of insurance. As a result of the investigations, the policies were either cancelled or non-renewed, removing a total of \$1,491,570 in exposure from Citizens. DIFS referrals were submitted.

Palm Beach County – Personal Lines/Policyholder: SIU investigation into a personal lines risk found that the policyholder was operating an Assisted Living Facility at the insured risk and that Citizens was provided a materially false application of insurance in support of issuance of the policy. As a result of the investigation, the policy was set for non-renewal removing approximately \$302,440 in exposure from Citizens. A DIFS referral was submitted.

Broward County, Hillsborough County – Personal Lines/Policyholder: Through proactive investigative efforts into personal lines risks, SIU proved that two policyholders were operating recovery homes prior to the inception of the policies and that Citizens was provided materially false statements on the application of insurance. As a result of the SIU findings, risk exposure of more than \$721,360 is scheduled to be non-renewed by Underwriting. At this time, one DIFS referral was submitted due to the insured's misrepresentation and SIU has opened an active investigation into the agency that issued the policy with potentially prior knowledge of the business use. The agency investigation is still ongoing.

Hillsborough County – Personal Lines/Policyholder: An SIU investigation found that a personal lines risk was being used as a commercial group home. There was no evidence that the policyholder

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submitted a false or misleading application. The risk exposure of \$317,550 has been scheduled to non-renew by Underwriting.

Broward County – Personal Lines/Policyholder: An SIU investigation into a personal lines risk revealed prior losses which rendered the risk address ineligible for coverage under the HO3 policy. As a result of the SIU investigation, Citizens Underwriting cancelled the policy removing \$785,000 in exposure.

Hillsborough County – Agency Matter: An SIU investigation determined that a 2-20 licensed but unappointed agent altered multiple documents in an attempt to bind coverage. As a result, the agency contract was terminated and referrals were submitted to DIFS and Agent and Agency Services (AAS).

Miami-Dade County – Agency Matter: An SIU investigation determined premium payments were deposited into the agency's account and held approximately 14-24 days for two different insureds before the agency remitted the funds to Citizens. Additionally, Evidence of Insurance forms that the agency provided to the title companies for four different insureds contained inaccurate information. As a result of agent mishandling four insureds suffered a lapse in coverage between 5 and 22 days. As a result of the investigation Agency Management issued a warning notice to the agency and SIU referred the matter to AAS.

Hillsborough County – Agency Matter: An SIU investigation determined that a 2-20 licensed unappointed agent submitted an altered wind mitigation inspection and the prior carrier cancellation notice in an attempt to secure for an ineligible risk. As a result, the employee was terminated from the agency and the agency received a 30 day suspension for violating the Agent and Agency Appointment Agreements. A DIFS referrals was submitted.